

Message Text

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R 261516Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

C O N F I D E N T I A L STATE 018941

STADIS////////////////////////////////////

LIMDIS

FOLLOWING REPEAT BANGUI 113 ACTION SECSTATE 21 JAN 76

QUOTE

C O N F I D E N T I A L BANGUI 0113

STADIS

LIMDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, CT

SUBJECT: BOKASSA RESPONSE TO DEMARCHE ON SCED

REF: A. STATE 006813 B. BANGUI 1896

1. CHARGE TOOK ADVANTAGE OF EXTENDED WEEKEND STAY WITH PRESIDENT BOKASSA IN NORTHERN CAR JANUARY 17-21 TO RAISE PROBLEM WHICH PRESIDENTIAL DECREE NO. 75/528 OF DECEMBER 18 POSES FOR CAR OPERATIONS OF SCED AND DDI, AND LONG-TERM NEGATIVE EFFECT ON INVESTMENT CLIMATE.

2. AFTER HEARING ME OUT, PRESIDENT SAID THAT HE WAS NOT AT ALL SURPRISED THAT I HAD BROUGHT UP SUBJECT AS HIS CHARGE DAFFAIRES IN CONFIDENTIAL

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WASHINGTON HAD GIVEN HIM A REPORT ON JOLIS/BUCHANAN MEETING IN

WASHINGTON WEEK OF JANUARY 12.

3. BOKASSA SAID PROBLEM OF SCED/DDI RELATIONS WITH CAR WAS OLD ONE MENTIONING SPECIFICALLY DIFFICULTIES WHICH HAD ARISEN IN LATE SIXTIES. PART OF PROBLEM WAS THAT JOLIS ON EACH OCCASION HAD INSISTED ON A TEXT OF HIS OWN MAKING WHICH GAVE ALL ADVANTAGES TO DDI SAID AND NEGLECTED DEVELOPMENT NEEDS OF CAR. BOKASSA SAID HE CONSIDERED JOLIS' DIRECT APPROACH TO DEPARTMENT BEFORE DISCUSSING MATTER DIRECTLY WITH HIM AN AFFRONT TO CAR SOVEREIGNTY.

4. SCED OPERATIONS NOW POSED INTOLERABLE SITUATION FOR CAR, BOKASSA CONTINUED. WHEREAS SCED HAD IN PAST BROUGHT GOCAR ANNUAL INCOME OF MORE THAN CFA 1 BILLION THIS WAS CUT LAST YEAR BY TWO-THIRDS TO CFA 400 MILLION. MEANWHILE CAR CONTINUED TO PRESENT IMAGE TO EUROPEAN AND OTHER DONOR COUNTRIES AS LAND OF DIAMONDS AND MANY GOVERNMENTS WERE RELUCTANT AS RESULT TO LEND GREATER ASSISTANCE TO CAR DEVELOPMENT NEEDS.

5. GOVERNMENT OF CANADA FOR EXAMPLE REPLIED TO CAR AMBASSADOR'S REQUEST FOR AID THAT IT COULD NOT GIVE DEVELOPMENT ASSISTANCE TO CAR BECAUSE IT HAD GIVEN SCED (THROUGH COMINCO) CFA 2 BILLION FOR PURCHASE OF BULLDOZERS AND OTHER EQUIPMENT IN CONNECTION WITH DIAMOND EXPLOITATION. CAR HAD IN FACT RECEIVED NONE OF THIS PRESIDENT SAID; ONLY SCED AND DDI, PRIVATE ENTERPRISES, HAD BENEFITTED.

6. IN CONTRAST ALUSUISSE URANIUM OPERATIONS AT BAKOUMA FOR EXAMPLE WERE MAKING A DIRECT CONTRIBUTION TO CAR DEVELOPMENT.

7. IT WOULD, THEREFORE, BE NECESSARY TO REACH A COMPROMISE WHEREBY SCED AND THE GOCAR COULD AGREE ON A FIXED PRICE THAT WOULD GUARANTEE THE GOCAR A CERTAIN ANNUAL TAX REVENUE.

8. BOKASSA SAID HE WOULD RECEIVE JOLIS IN THE COUNCIL OF MINISTERS UPON HIS (BOKASSA'S) RETURN TO BANGUI JANUARY 22 AND PRIOR TO HIS DEPARTURE FOR STATE VISIT TO KAMPALA JANUARY 24. A CORRESPONDING MESSAGE WAS TRANSMITTED TO MINISTER OF STATE POTASSE AT BANGUI TO ARRANGE MEETING. EMBASSY WILL REPORT RESULTS OF MEETING.

9. EMBASSY OFFERS FOLLOWING THOUGHTS ON SITUATION AND NEXT STEPS.
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WITH ALL DUE RESPECT TO COMMERCIAL INTERESTS OF JOLIS AND DDI/SCED, IT IS IMPORTANT NOT TO LOSE SIGHT OF BROADER RANGE OF US INTERESTS (SUPPORT ON UN ISSUES, ANGOLA, BANGUI ANOMALY, ETC.) IN CAR BY LEANING TOO HARD ON PRESIDENT BOKASSA OVER SCED DECREE. HE HAS NOW COME THROUGH ON NATIONALIZATIONS QUESTION AND HIS ANGOLAN POSTURE HAS BEEN HELPFUL. EMBASSY IS COUNSELLING JOLIS TO TONE DOWN HIS DEMARCHE TO BOKASSA AND TO SEEK A COMPROMISE WHICH WILL SAFEGUARD HIS COMMERCIAL INTERESTS OVER LONGER TERM IN CAR DIAMOND

TRADE AND AT SAME TIME DISPLAY TO BOKASSA AND GOCAR A SPIRIT OF COOPERATION IN THE COUNTRY'S LEGITIMATE DEVELOPMENT CONCERNS. IN THIS RESPECT WE BELIEVE THAT IT WILL BE IMPORTANT FOR FUTURE OF US/CAR RELATIONS THAT DEPARTMENT SEEK EARLY OCCASION AS EMBASSY AT PRESENT DOING TO DISSUADE JOLIS FROM HIS ANNOUNCED INTENTION TO PLACE ROADBLOCKS IN WAY OF BOKASSA PRIVATE VISIT TO US AND PRESIDENTIAL APPOINTMENT SHOULD HIS NEGOTIATIONS WITH GOCAR NOT GO ENTIRELY HIS WAY.

10. DEPARTMENT PASS FOREGOING MESSAGE TO OTTAWA AT ITS DISCRETION.
SWING
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